



MOTION PICTURE ASSOCIATION
Worldwide Market Research

U.S. Theatrical Market: **2005 Statistics**

2005 Motion Picture Industry

The following document provides context and empirical data with respect to box office in 2005, a topic which provoked much dialogue throughout the year.

In 2005, total domestic box office remained near \$9 billion, a barrier broken in 2002 for the first time. Global box office remained steady at over \$23 billion, just shy of the all time high in 2004 of \$25 billion and 46% higher than the 2000 mark of \$16 billion. U.S. theater admissions decreased 8.7% in 2005 to 1.4 billion.

The number of movies released remains on a growth trajectory, with total releases topping another all time high of 563 versus 528 in 2004, growth of 7%.

New releases by the major motion picture studios (MPAA members) grossed an average of \$37 million in 2005, an increase of 7% over the past five years.

A major component of the annual box office was the performance of blockbusters, which remained comparable to prior years in total box office. A new all time high was set in 2005, with eight movies grossing over \$200 million, three more than in 2004, and five more than 2000, a great milestone for the industry.

2005 Motion Picture Industry

Research conducted by Nielsen Entertainment/NRG in August of 2005 found that an overwhelming 81% of moviegoers who saw at least one movie in 2005 believed the experience was one of time and money well spent, versus the 15% who preferred watching on DVD and the 4% who preferred they had not seen a movie. Four in ten of these moviegoers plan to buy the last movie they saw, with more than half of them making this decision immediately after seeing the movie.

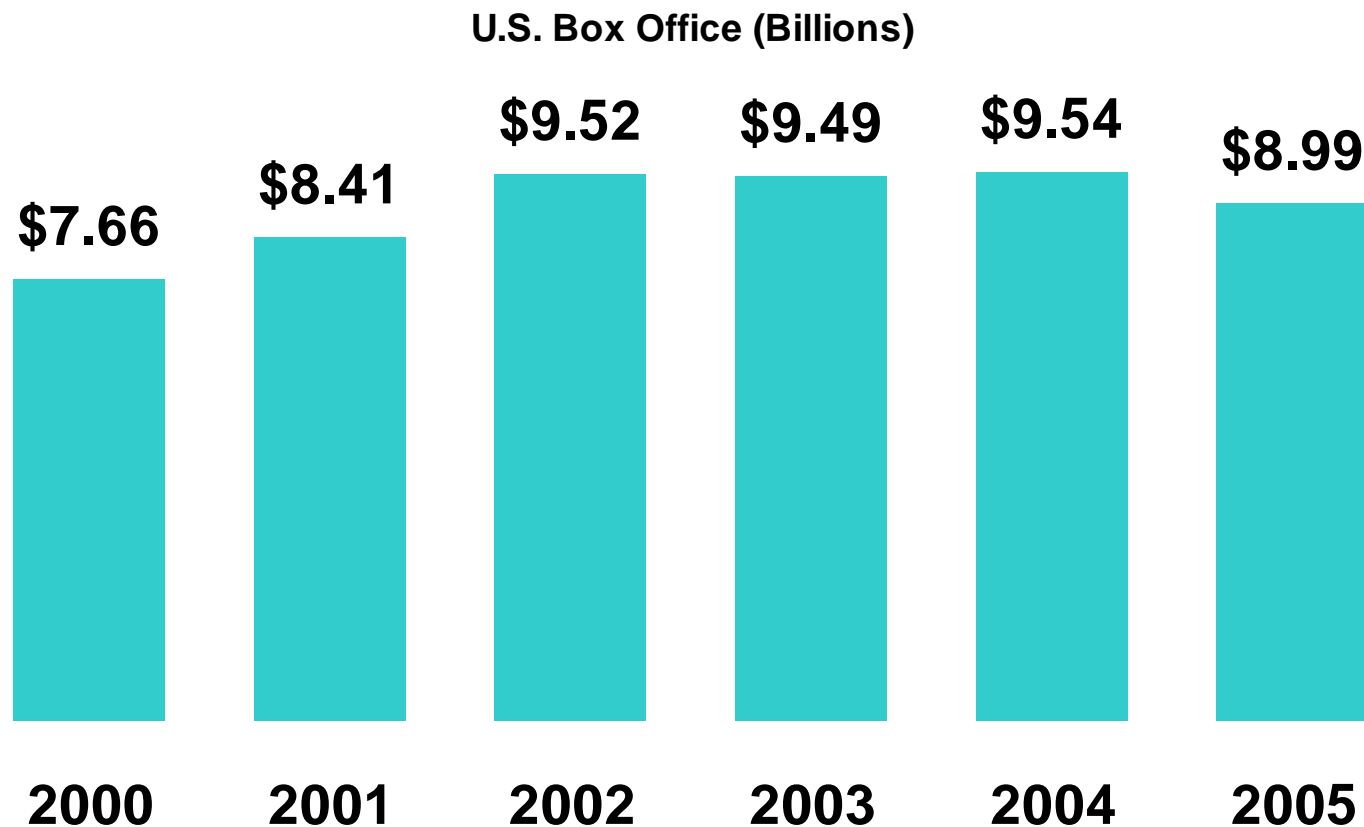
Consistent with past years, PG-13 films comprised the majority of top grossers for the industry, with PG and PG-13 films accounting for 85% of 2005's top 20 films.

Average theatrical costs remained in line with 2004, and below the \$100 million peak of 2003, this in spite of increasing marketing costs of 5.2%. For MPAA member company subsidiaries/affiliates, theatrical costs declined while marketing costs increased by 33%, including increases in overall advertising expenditures, less the cost of prints.

Technology continues to provide new opportunities for the industry. The analysis conducted by Nielsen Entertainment/NRG indicated that those moviegoers who owned or subscribed to four or more home technologies (e.g. DVR service, large television, DVD player, VOD) were actually more avid moviegoers, seeing an average of two movies more per year than the moviegoer who owned or subscribed to fewer than four.

U.S. Box Office Has Held Steady

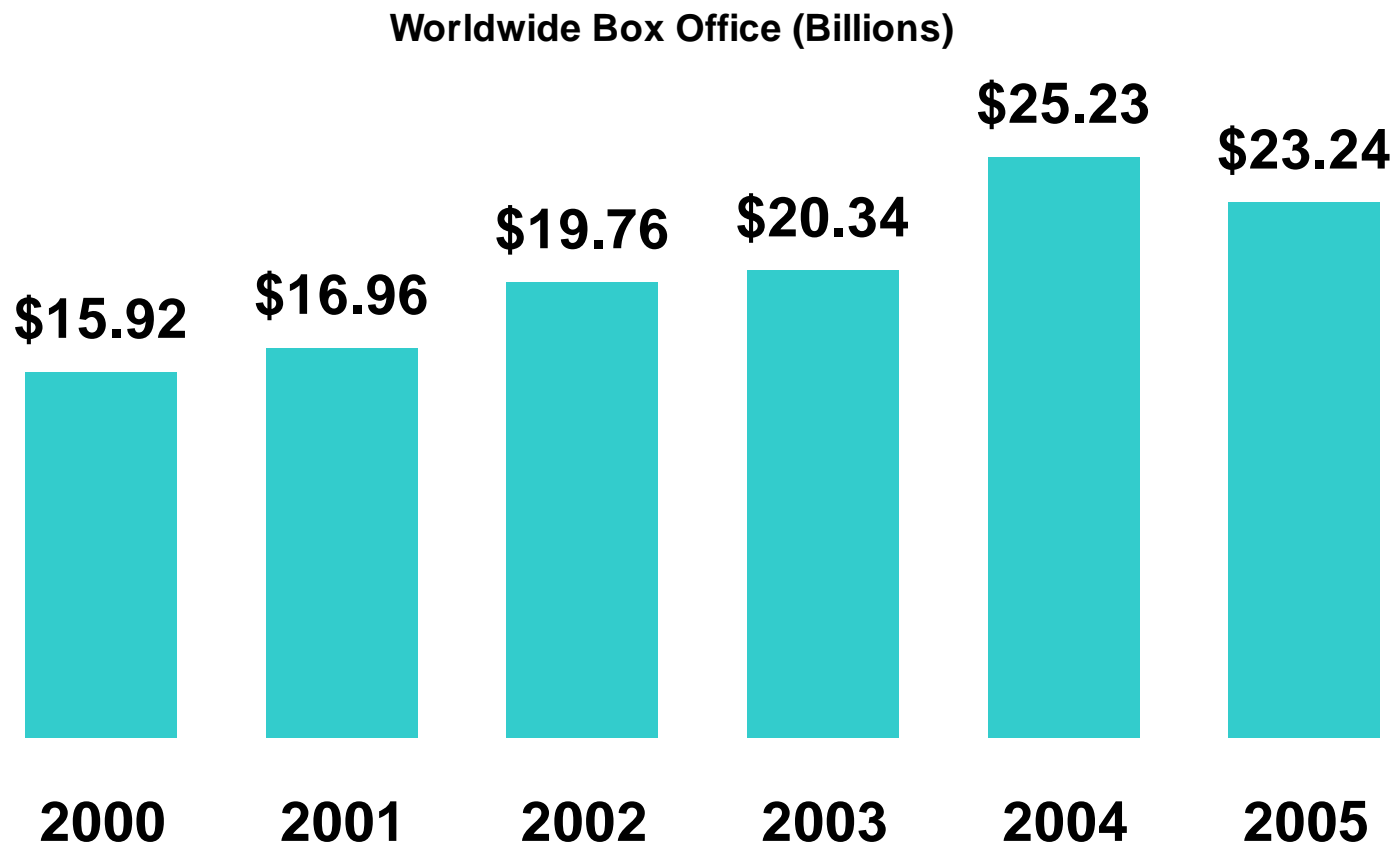
For the fourth straight year, domestic cumulative box office from all studios continues to hold near \$9 billion.



Source: MPAA

Worldwide Box Office Has Held Steady

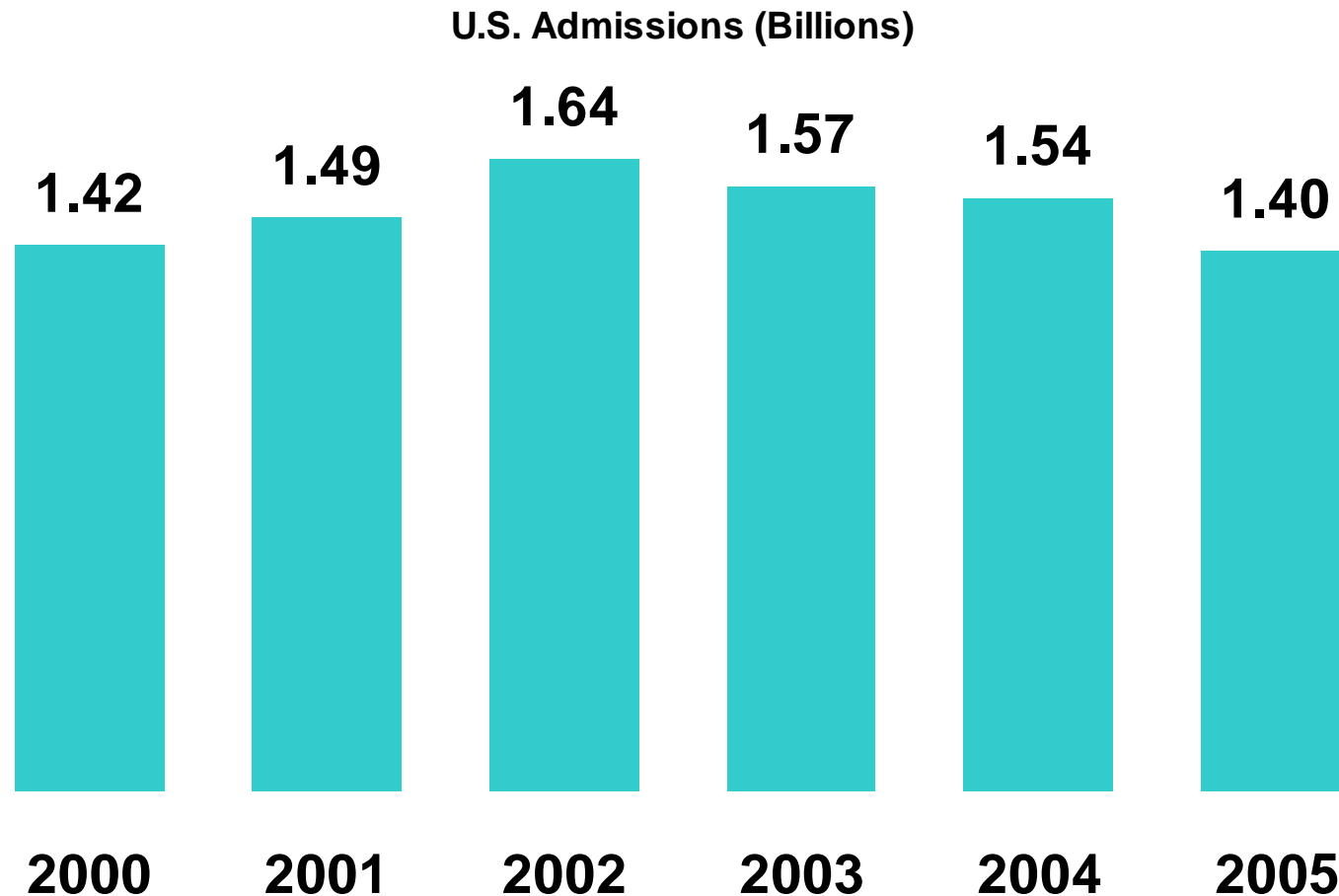
Worldwide box office, although down 7.9% from 2004, shows a 46% growth over 2000.



Source: MPAA

U.S. Admissions

Theater admissions decreased 8.7% in the U.S. in 2005.

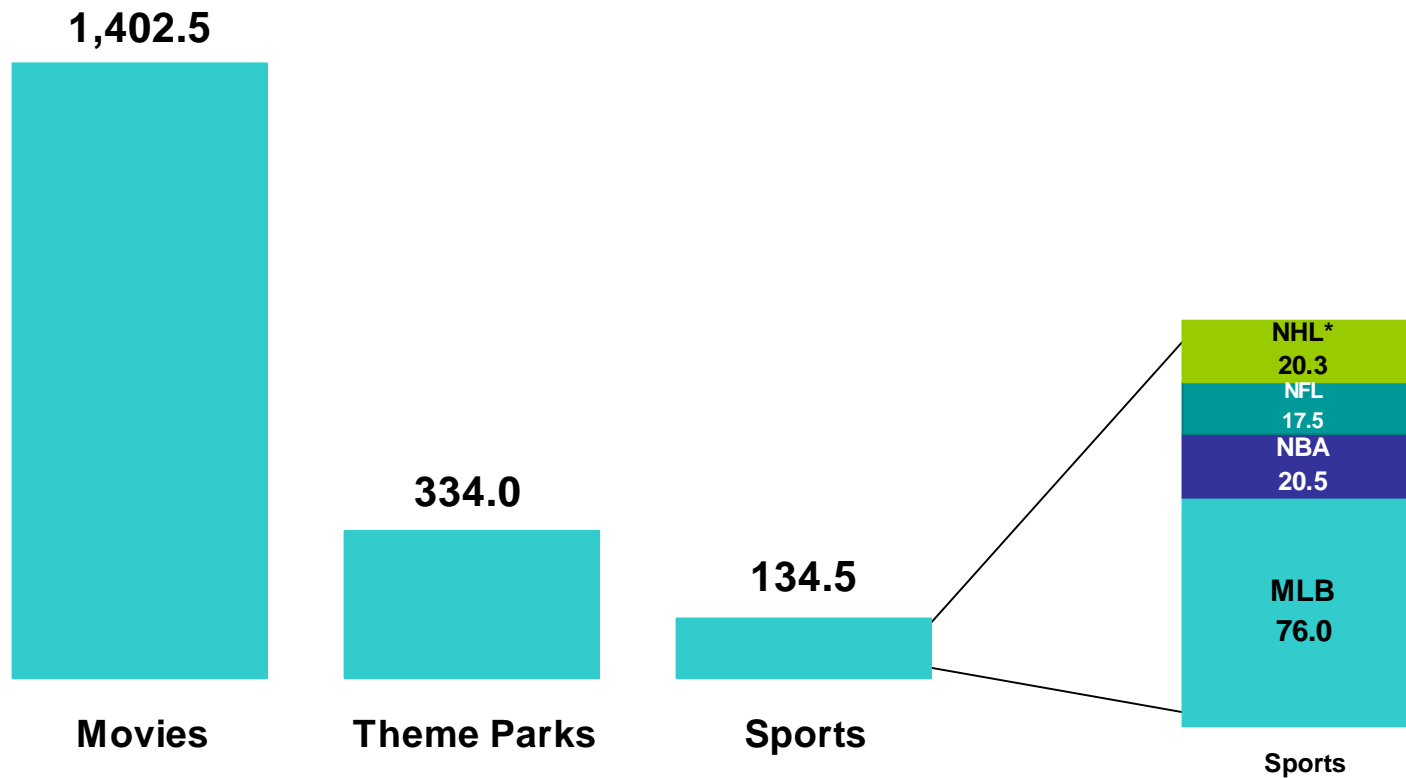


Source: MPAA

Industry Comparisons - Entertainment Options

Movies drew more people than theme parks and sports in 2005.

2005: Admissions/Attendance Comparison (Millions)



Source: MPAA, PriceWaterhouseCoopers

* 2004 data used for NHL due to cancellation of '04-'05 season.

U.S. Box Office: Blockbusters Thrived

For the full calendar year 2005, 8 films grossed over \$200 million compared to only 5 films in 2004. However, movies below the \$200 million mark under-performed relative to 2004.

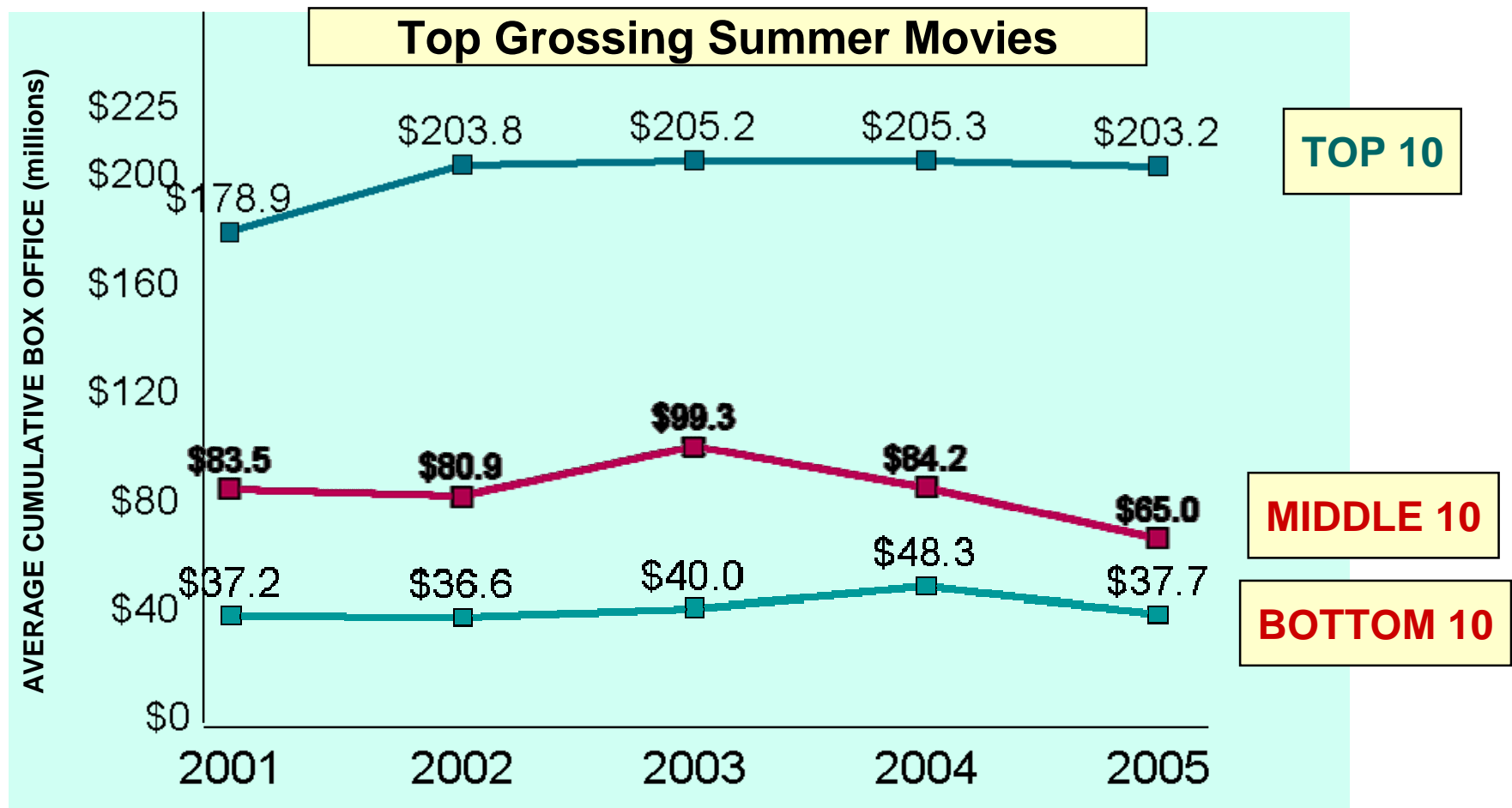
Number of films breaking 50 million to 200 million Benchmarks

| Box Office Range | Year of Release | |
|--------------------|-----------------|------|
| | 2005 | 2004 |
| 200 Million & Over | 8 | 5 |
| 100 to 199 Million | 12 | 18 |
| 50 to 99 Million | 36 | 41 |

Source: MPAA

U.S. Box Office: \$200 Million Films

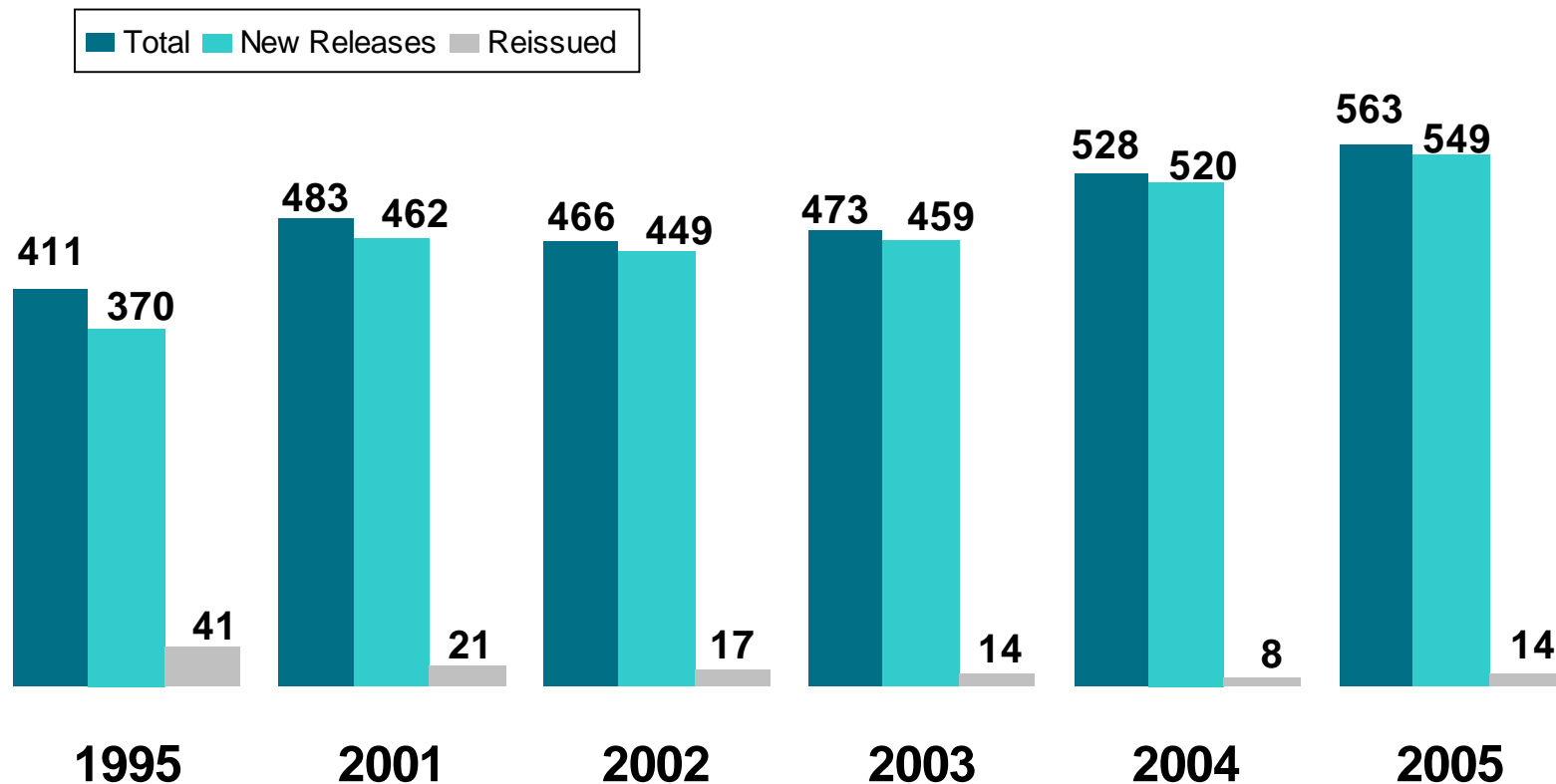
In the Summer of 2005, box office top grossers were comparable with prior years; however, movies below the top tier underperformed relative to 2003 and 2004.



Source: Nielsen Entertainment/NRG

Films Released in the U.S.

The total **new** films released in 2005 increased by 5.6% from 2004 after a surge in new releases of 13.3% from 2003 to 2004.



Source: MPAA

Films Released in the U.S.

The total number of all films released in 2005 increased 7%. MPAA new releases grossed an average of \$37 million – an increase of 7% over the past five years.

Average Box Office of New Releases

| Year | All New Releases | MPAA New Releases |
|------|------------------|-------------------|
| 2005 | \$15.4 | \$37.3 |
| 2004 | 20.0 | 34.6 |
| 2003 | 20.7 | 41.6 |
| 2002 | 21.2 | 32.8 |
| 2001 | 18.2 | 34.8 |

Feature Films Released in the U.S.

| Year | New Films | | | Reissued Films | | |
|------|-----------|------------------------|--------------------|----------------|------------------------|----------------|
| | MPAA | All Other Distributors | Total New Releases | MPAA | All Other Distributors | Total Reissues |
| 2005 | 194 | 355 | 549 | 4 | 10 | 14 |
| 2004 | 198 | 322 | 520 | 1 | 7 | 8 |
| 2003 | 194 | 265 | 459 | 4 | 10 | 14 |
| 2002 | 220 | 229 | 449 | 5 | 12 | 17 |
| 2001 | 188 | 274 | 462 | 8 | 13 | 21 |
| 1995 | 212 | 158 | 370 | 22 | 19 | 41 |

Source: MPAA

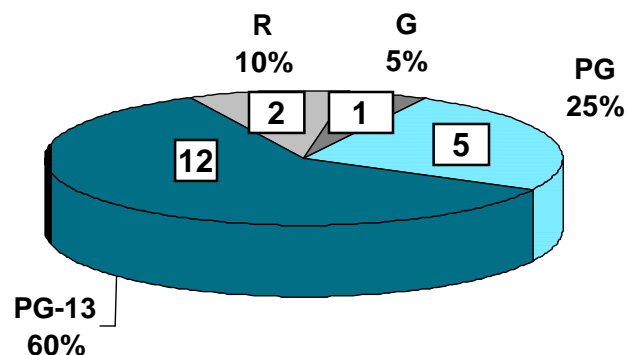
Ratings

In 2005, 12 of the top 20 films were rated PG-13. PG and PG-13 films account for 85% of 2005's top 20 films.

2005 Top 20 Grossing Films

| Rank | Title | Distributor | Box Office (USD MM) | Rating |
|------|--|--------------|------------------------|--------|
| 1 | Star Wars: Ep. III Revenge of the Sith | Fox | \$380.3 | PG-13 |
| 2 | Harry Potter and the Goblet of Fire | Warner Bros. | 289.2 | PG-13 |
| 3 | The Chronicles of Narnia | Buena Vista | 288.8 | PG |
| 4 | War of the Worlds | Paramount | 234.3 | PG-13 |
| 5 | King Kong | Universal | 216.9 | PG-13 |
| 6 | Wedding Crashers | New Line | 209.2 | R |
| 7 | Charlie and the Chocolate Factory | Warner Bros. | 206.5 | PG |
| 8 | Batman Begins | Warner Bros. | 205.3 | PG-13 |
| 9 | Madagascar | Dreamworks | 193.2 | PG |
| 10 | Mr. and Mrs. Smith | Fox | 186.3 | PG-13 |
| 11 | Hitch | Sony | 177.8 | PG-13 |
| 12 | The Longest Yard | Paramount | 158.1 | PG-13 |
| 13 | Fantastic Four | Fox | 154.7 | PG-13 |
| 14 | Chicken Little | Buena Vista | 134.8 | G |
| 15 | Robots | Fox | 128.2 | PG |
| 16 | Walk the Line | Fox | 118.2 | PG-13 |
| 17 | The Pacifier | Buena Vista | 113.1 | PG |
| 18 | Fun With Dick and Jane | Sony | 110.3 | PG-13 |
| 19 | The 40 Year-Old Virgin | Universal | 109.4 | R |
| 20 | Flightplan | Buena Vista | 89.7 | PG-13 |

2005 Top 20 Films by Rating



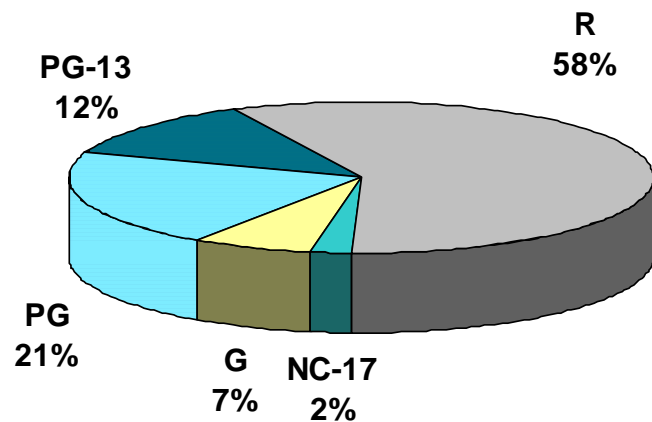
| Top 20 Grossing | | | | |
|-----------------|-----|-----|-------|-----|
| Year | G | PG | PG-13 | R |
| 2005 | 5% | 25% | 60% | 10% |
| 2004 | 5% | 25% | 55% | 15% |
| 2003 | 5% | 15% | 60% | 20% |
| 2002 | 5% | 30% | 65% | 0% |
| 2001 | 10% | 20% | 55% | 15% |

Source: MPAA

Ratings

Since 1968, 5 of the 10 top grossing films have been “PG-13”, 4 “PG” and 1 “R”.

**Percent of films by Rating
1968 to 2005**



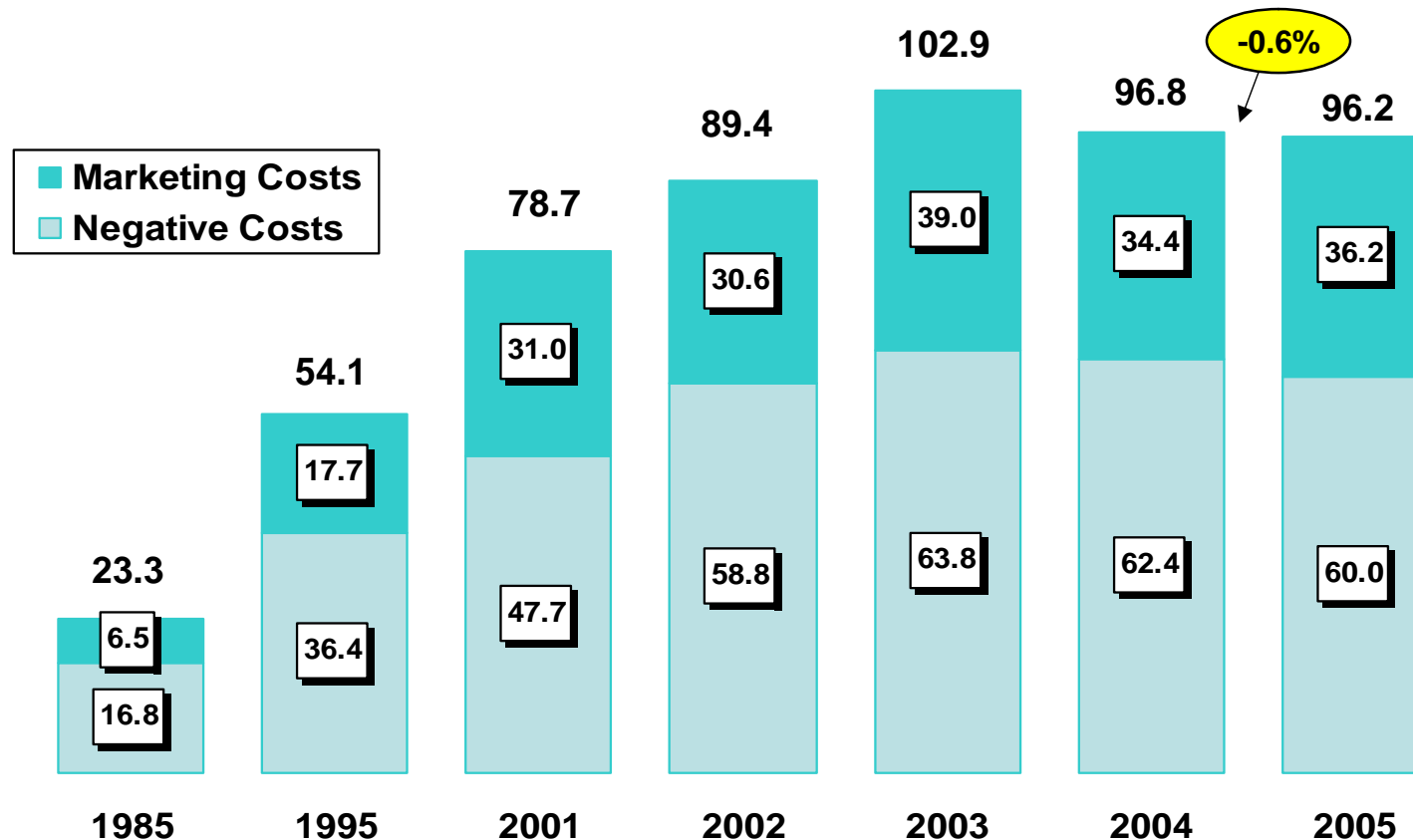
Source: *Variety*, MPAA

Top Grossing Films by Rating 1968 to 2005

| Rank | Title | Distributor | Box Office (USD MMI) | Rating | Release Date |
|------|--|--------------|-------------------------|--------|-----------------|
| 1 | Finding Nemo | Buena Vista | 339.7 | G | May-03 |
| 2 | The Lion King | Buena Vista | 328.5 | G | Jun-94 |
| 3 | Monsters, Inc. | Buena Vista | 255.9 | G | Nov-01 |
| 4 | Toy Story 2 | Buena Vista | 245.9 | G | Nov-99 |
| 5 | Aladdin | Buena Vista | 217.4 | G | Nov-92 |
| 1 | Star Wars | Fox | 461.0 | PG | May-77 |
| 2 | Shrek 2 | DreamWorks | 436.7 | PG | May-04 |
| 3 | E.T. | Universal | 435.0 | PG | Jun-82 |
| 4 | Star Wars: Phantom Menace | Fox | 431.1 | PG | May-99 |
| 5 | Harry Potter: Sorcerer's Stone | Warner Bros. | 317.6 | PG | Nov-01 |
| 1 | Titanic | Paramount | 600.8 | PG-13 | Dec-97 |
| 2 | Spider-Man | Sony | 403.7 | PG-13 | May-02 |
| 3 | Star Wars: Episode III Revenge of the Sith | Fox | 380.2 | PG-13 | May-05 |
| 4 | Lord of the Rings: Return of the King | New Line | 377.0 | PG-13 | Dec-03 |
| 5 | Spider-Man 2 | Sony | 373.4 | PG-13 | Jun-04 |
| 1 | The Passion of the Christ | NewMarket | 370.3 | R | Feb-04 |
| 2 | The Matrix Reloaded | Warner Bros. | 281.5 | R | May-03 |
| 3 | Beverly Hills Cop | Paramount | 234.8 | R | Dec-84 |
| 4 | The Exorcist | Warner Bros. | 232.7 | R | Dec-73 |
| 5 | Saving Private Ryan | DreamWorks | 216.2 | R | Jul-98 |

MPAA Member Companies Average Theatrical Costs

Since 2003, average theatrical costs of MPAA member companies were down 6.5% overall. From 2004 to 2005, negative costs were down 3.8% and marketing costs increased by 5.2%. In absolute numbers, average negative and marketing costs hit their peak in 2003.

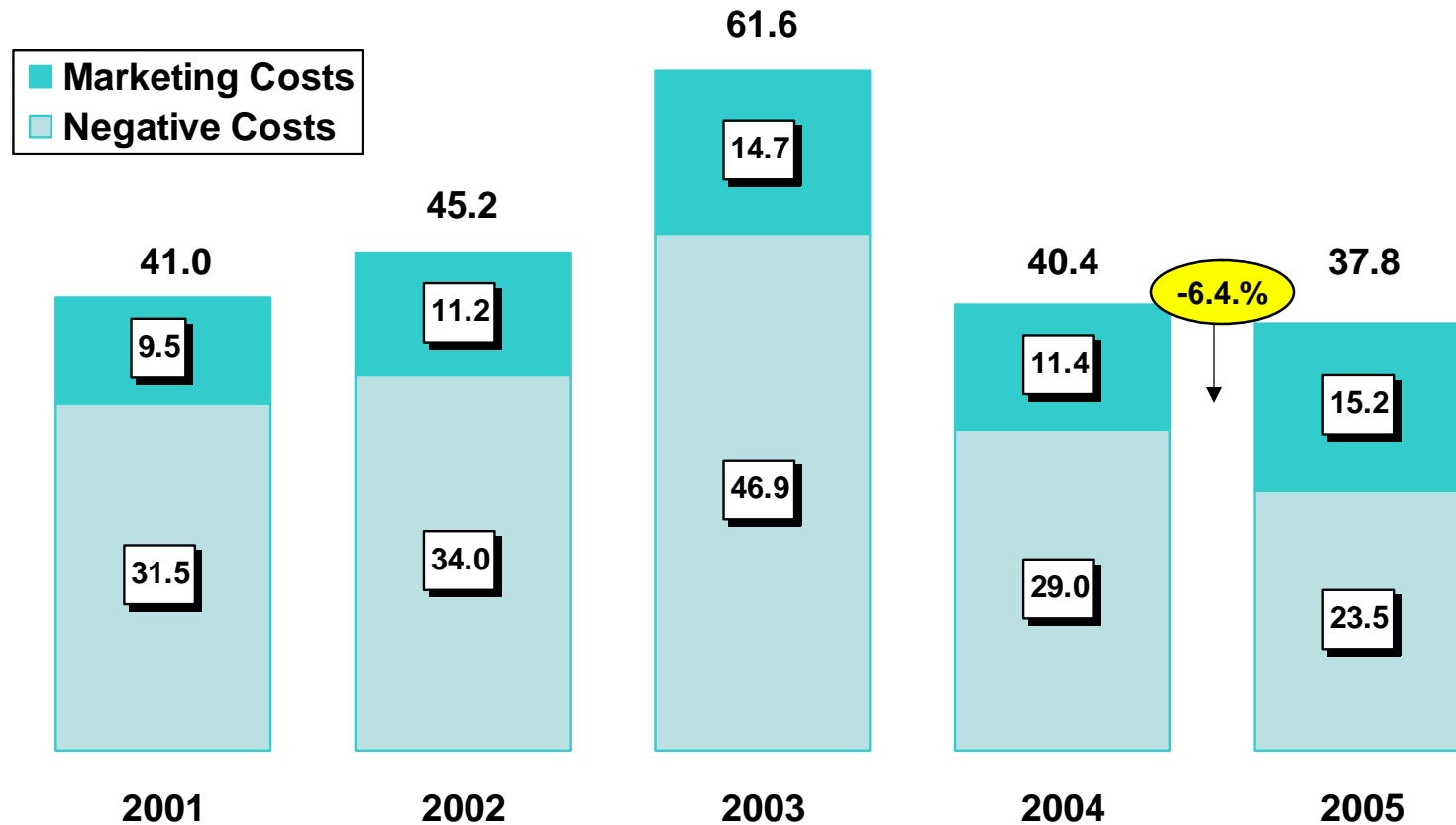


Despite a 4% decrease in negative costs, Member Company theatrical costs remained flat at a 1% decrease.

Source: MPAA

MPAA Member Subsidiary*/Affiliate Average Theatrical Costs

Average theatrical costs of member subsidiaries declined by 6.4%. Negative costs were down 19% while marketing costs increased by 33%.



Source: MPAA

* Subsidiaries include studio "classics" and specialty divisions such as Fox Searchlight, Miramax, New Line, Sony Pictures Classics, etc.

MPAA Member Company Distribution of Advertising Costs by Media

The share of advertising expenditures among member companies on Television from 2004 to 2005 remained stable at roughly 36%, down from as high as 42.3% in 2001.

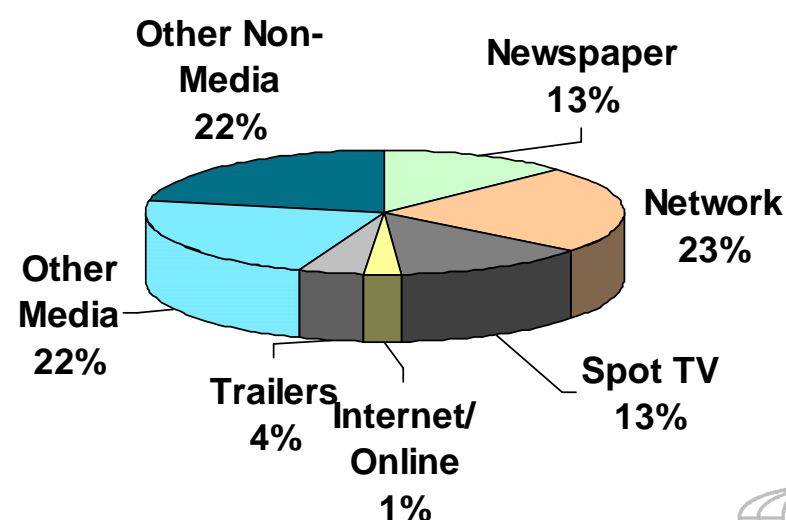
| Year | Total \$ | PERCENT OF TOTAL | | | | | | |
|------|----------|------------------|---------|---------|---------------------|----------|----------------|--------------------|
| | | Newspaper | Network | Spot TV | Internet/ Online | Trailers | Other Media | Other Non-Media |
| 2005 | \$32.36 | 12.7% | 23.2% | 12.9% | 2.6% | 4.4% | 22.3% | 21.9% |
| 2004 | 30.61 | 12.8 | 22.9 | 13.3 | 2.4 | 7.4 | 22.2 | 19.0 |
| 2003 | 34.84 | 13.9 | 23.2 | 15.7 | 1.3 | 4.4 | 21.9 | 19.5 |
| 2002 | 27.31 | 13.5 | 23.0 | 17.6 | 0.9 | 4.5 | 21.4 | 19.1 |
| 2001 | 27.28 | 13.1 | 25.4 | 16.9 | 1.3 | 5.1 | 20.2 | 17.9 |

Other Media includes:

- Cable TV/Network TV
- Network Radio
- Spot Radio
- Magazines
- Billboards

Other Non-Media includes:

- Production/Creative Services
- Exhibitor Services
- Promotion & Publicity
- Market Research



Source: MPAA

MPAA Member Company Subsidiary*/Affiliate Distribution of Advertising Costs by Media

Among member subsidiaries, the share of advertising expenditures on television increased from 33% in 2004 to 34.3% in 2005. Share of expenditures in newspaper declined 4.2%.

| PERCENT OF TOTAL | | | | | | | | |
|------------------|----------|-----------|---------|---------|---------------------|----------|----------------|--------------------|
| Year | Total \$ | Newspaper | Network | Spot TV | Internet/ Online | Trailers | Other Media | Other Non-Media |
| 2005 | \$13.31 | 15.5% | 21.7% | 12.6% | 2.5% | 5.6% | 23.3% | 18.8% |
| 2004 | 10.13 | 19.7 | 19.9 | 13.1 | 2.2 | 7.5 | 21.0 | 16.7 |
| 2003 | 12.80 | 18.6 | 20.9 | 7.3 | 1.6 | 4.7 | 28.0 | 19.0 |
| 2002 | 9.76 | 22.0 | 25.7 | 5.6 | 0.9 | 6.1 | 21.1 | 18.6 |
| 2001 | 8.29 | 18.6 | 42.8 | 3.2 | 0.4 | 5.2 | 9.9 | 19.9 |

Other Media includes:

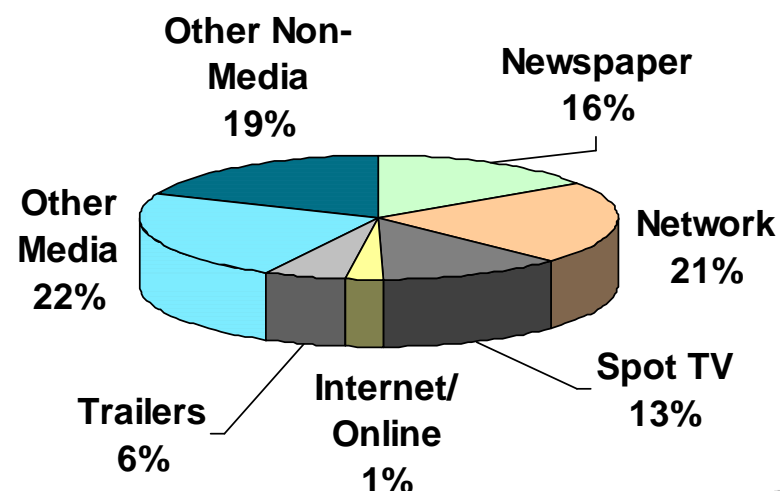
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Source: MPAA

* Subsidiaries include studio "classics" and specialty divisions such as Fox Searchlight, Miramax, New Line, Sony Pictures Classics, etc.

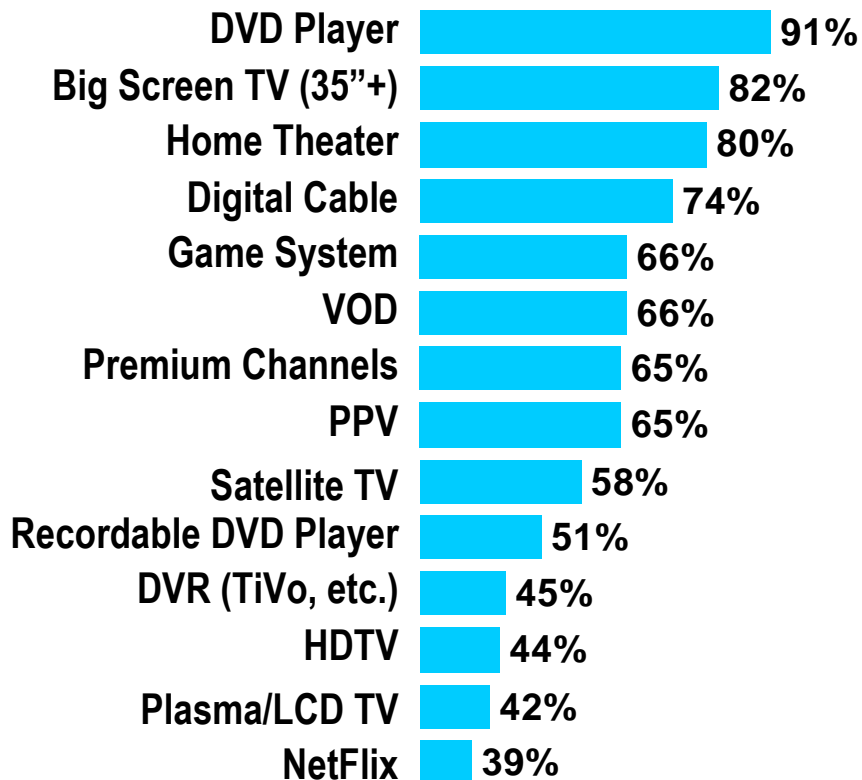


Technology complements Moviegoing in the U.S.

One in five moviegoers who report seeing at least one movie in 2005 own/subscribe to four or more entertainment technologies and those who do see two more movies on average per year than the low tech households, as of August 2005.

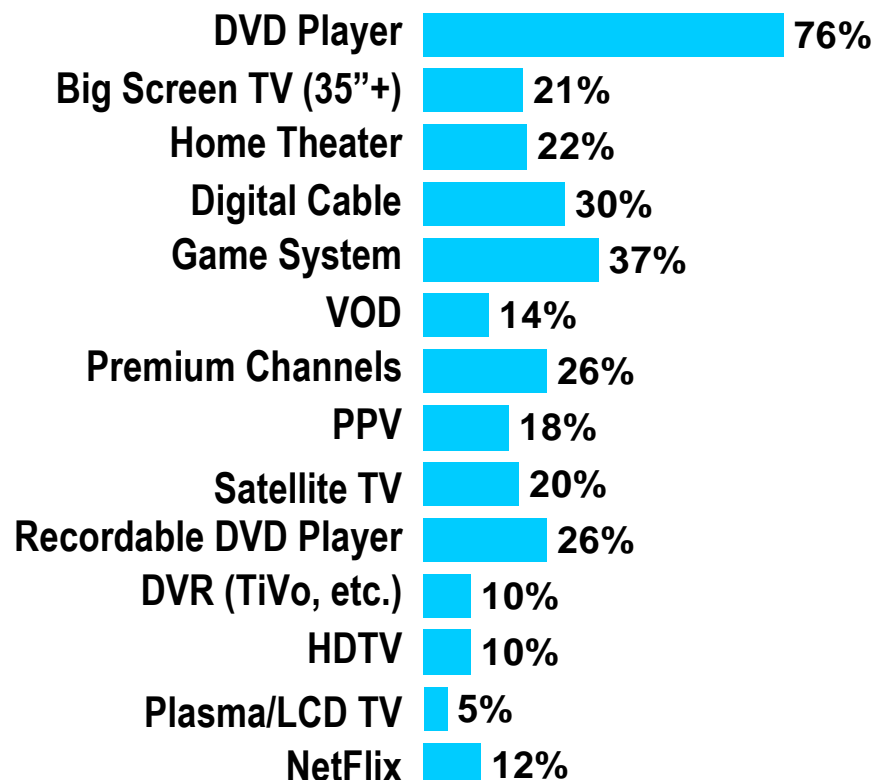
**MOVIEGOERS WHO OWN OR SUBSCRIBE
TO 4+ TECHNOLOGIES (20%)**

Avg. Movies/Yr = 8.2



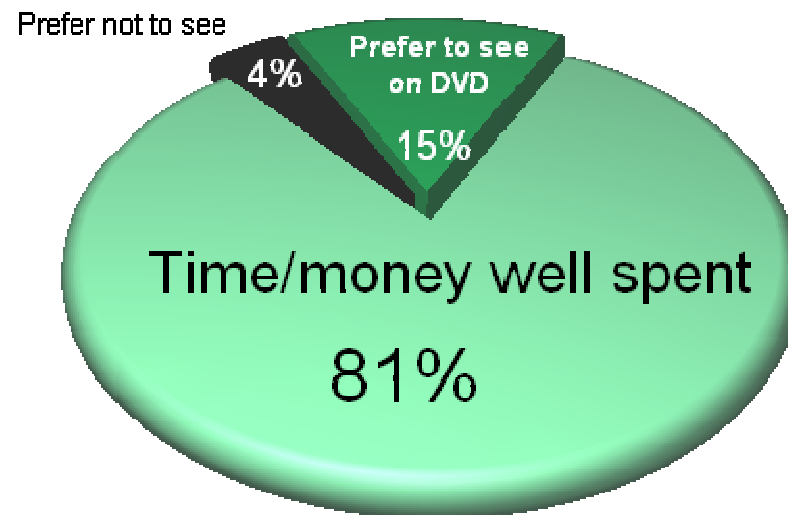
**MOVIEGOERS WHO OWN OR SUBSCRIBE
TO <4 TECHNOLOGIES (80%)**

Avg. Movies/Yr = 6.2



U.S. Moviegoers Satisfied with Experience

The vast majority of moviegoers say that when they go out to see a movie, their overall theater experience is time and money well spent.



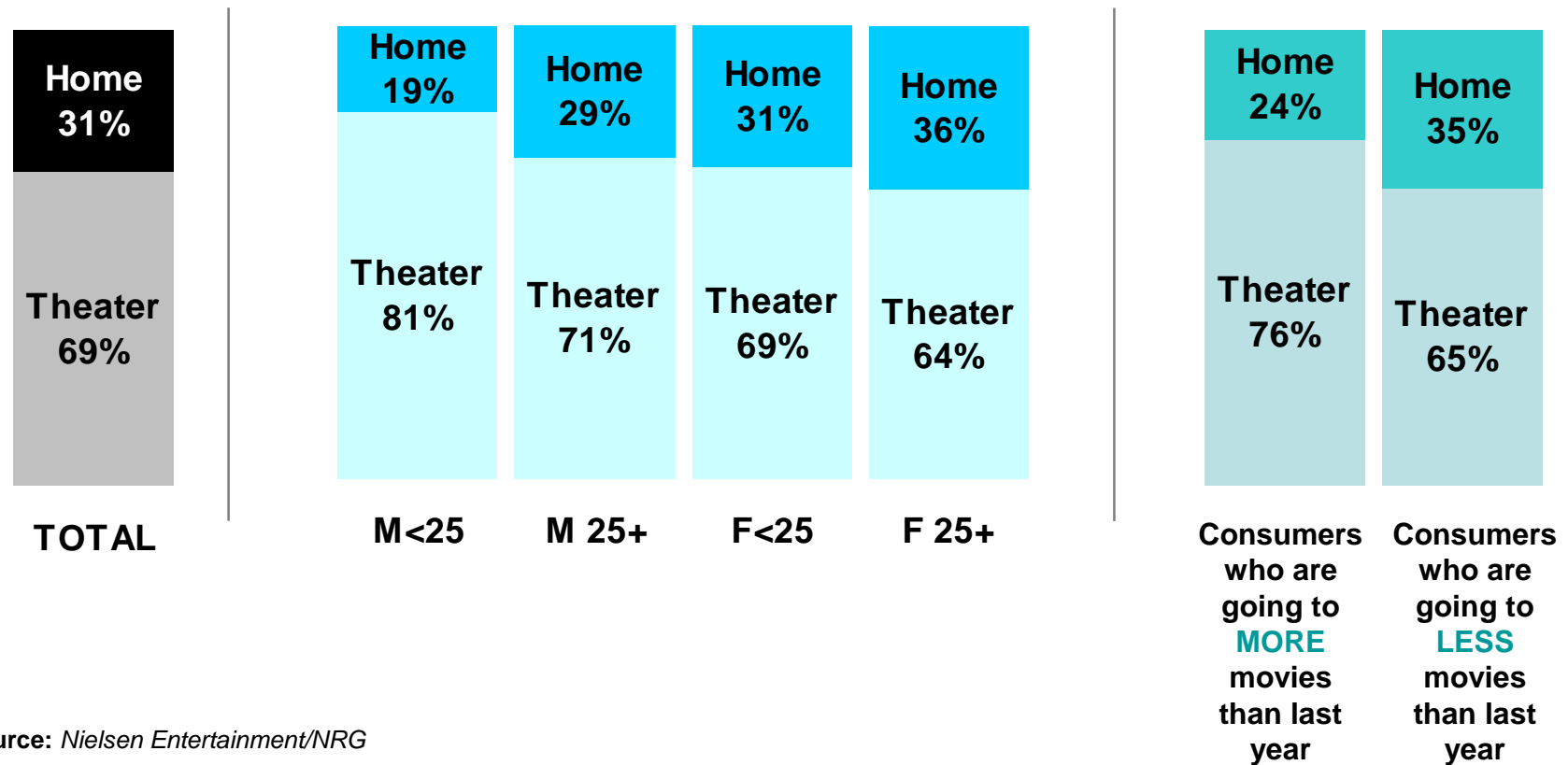
Satisfaction with theater experience at last movie

Source: Nielsen Entertainment/NRG

Consumer Preferences

The majority of moviegoers feel that the theater offers the ultimate movie-watching experience.

What is the ultimate movie-watching experience?

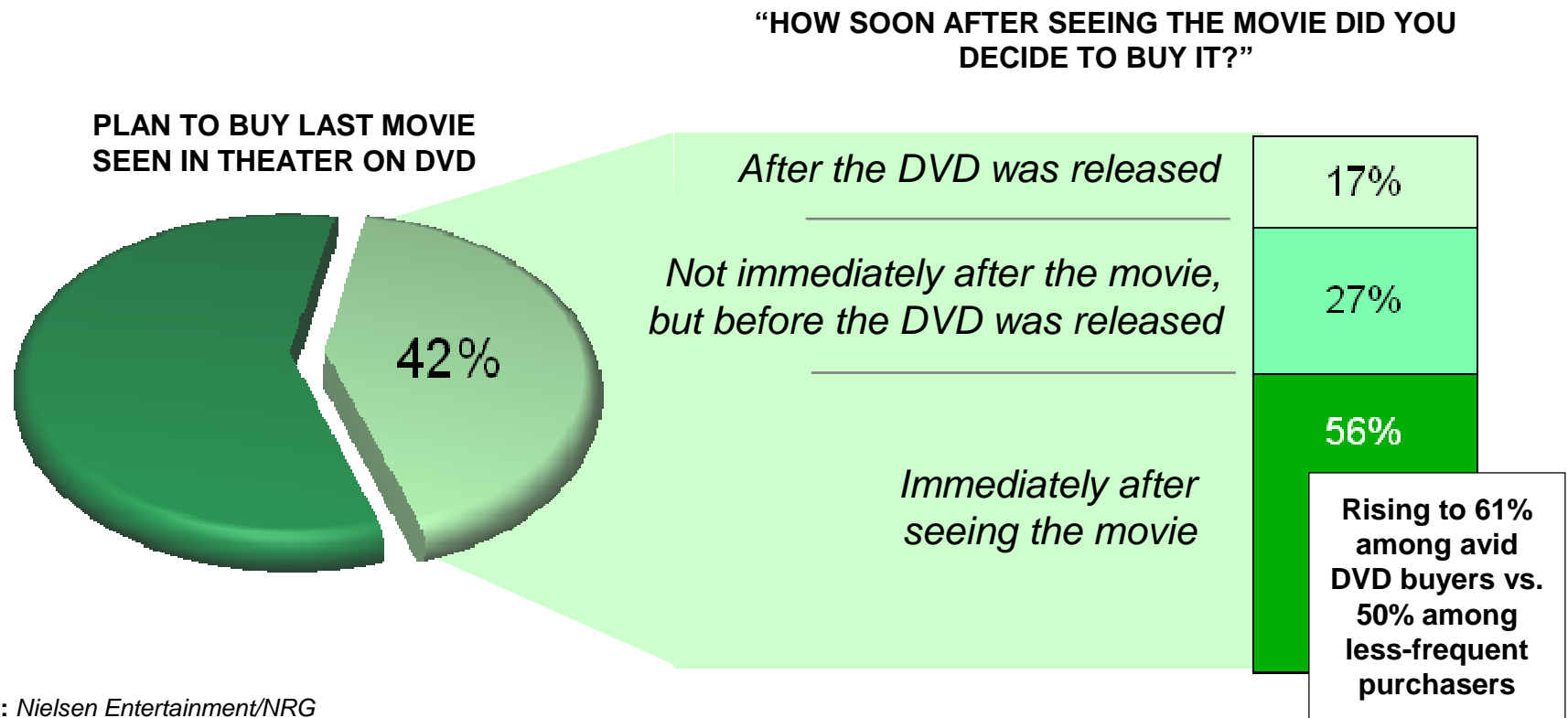


Source: Nielsen Entertainment/NRG

Moviegoers are DVD consumers

For many moviegoers, it's not either or. Four in ten moviegoers plan to buy the last movie they saw, with more than half of them making this decision immediately after seeing the movie.

In other words, one-quarter of all moviegoers leave the theater already knowing they want to buy the title on DVD.



Source: Nielsen Entertainment/NRG

Appendix

Box Office

| Year | Box Office Gross (USD MM) | % Change | |
|-------------|---------------------------------|--------------|--------------|
| | | Prev. Period | 2005 vs. |
| 2005 | \$8,991.2 | -5.7% | - |
| 2004 | 9,539.2 | 0.5 | -5.7% |
| 2003 | 9,488.5 | (0.3) | (5.2) |
| 2002 | 9,519.6 | 13.2 | (5.6) |
| 2001 | 8,412.5 | 9.8 | 6.9 |
| 2000 | 7,660.7 | 2.9 | 17.4 |
| 1999 | 7,448.0 | 7.2 | 20.7 |
| 1998 | 6,949.0 | 9.2 | 29.4 |
| 1997 | 6,365.9 | 7.7 | 41.2 |
| 1996 | 5,911.5 | 7.6 | 52.1 |
| 1995 | 5,493.5 | 1.8 | 63.7 |
| 1994 | 5,396.2 | 4.7 | 66.6 |
| 1993 | 5,154.2 | 5.8 | 74.4 |
| 1992 | 4,871.0 | 1.4 | 84.6 |
| 1991 | 4,803.2 | (4.4) | 87.2 |
| 1990 | 5,021.8 | (0.2) | 79.0 |
| 1989 | 5,033.4 | 12.9 | 78.6 |
| 1988 | 4,458.4 | 4.8 | 101.7 |
| 1987 | 4,252.9 | 12.6 | 111.4 |
| 1986 | 3,778.0 | 0.8 | 138.0 |
| 1985 | 3,749.4 | (0.4) | 139.8 |

Source: MPAA

Admissions

| Year | Admissions | % Change | |
|------|------------|--------------|----------|
| | | Prev. Period | 2005 vs. |
| 2005 | 1,402.7 | -8.7% | - |
| 2004 | 1,536.1 | -2.4 | -8.7 |
| 2003 | 1,574.0 | -4.0 | -10.9 |
| 2002 | 1,639.3 | 10.2 | -14.4 |
| 2001 | 1,487.3 | 4.7 | -5.7 |
| 2000 | 1,420.8 | -3.0 | -1.3 |
| 1999 | 1,465.2 | -1.0 | -4.3 |
| 1998 | 1,480.7 | 6.7 | -5.3 |
| 1997 | 1,387.7 | 3.7 | 1.1 |
| 1996 | 1,338.6 | 6.0 | 4.8 |
| 1995 | 1,262.6 | -2.3 | 11.1 |
| 1994 | 1,291.7 | 3.8 | 8.6 |
| 1993 | 1,244.0 | 6.0 | 12.8 |
| 1992 | 1,173.2 | 2.9 | 19.6 |
| 1991 | 1,140.6 | -4.0 | 23.0 |
| 1990 | 1,188.6 | -5.9 | 18.0 |
| 1989 | 1,262.8 | 16.4 | 11.1 |
| 1988 | 1,084.8 | -0.3 | 29.3 |
| 1987 | 1,088.5 | 7.0 | 28.9 |
| 1986 | 1,017.2 | -3.7 | 37.9 |
| 1985 | 1,056.1 | -11.9 | 32.8 |

Source: MPAA

Note: 1989 to present based on NATO average ticket price

Average Annual Admissions Price

| Year | Avg. Annual Admission Price (USD) | % Change vs. Previous Period | % Change CPI |
|------|-----------------------------------|------------------------------|--------------|
| 2005 | \$6.41 | 3.2% | 3.4 |
| 2004 | 6.21 | 3.0 | 3.3 |
| 2003 | 6.03 | 3.8 | 1.9 |
| 2002 | 5.81 | 2.7 | 2.4 |
| 2001 | 5.66 | 4.9 | 1.6 |
| 2000 | 5.39 | 6.1 | 3.4 |
| 1999 | 5.08 | 8.3 | 2.7 |
| 1998 | 4.69 | 2.2 | 1.6 |
| 1997 | 4.59 | 3.8 | 1.7 |
| 1996 | 4.42 | 1.6 | 3.3 |
| 1995 | 4.35 | -- | 2.5 |

Note: NATO average ticket price based on NSNB survey and reflects average price paid for all admissions to movie theaters, inclusive of first run, subsequent runs, senior citizens, children, and all special pricing.

Source: MPAA; Bureau of Labor Statistics

Industry Comparisons - Entertainment Options

Going to the movies remains an affordable outing for most families -- with admission prices significantly lower than alternative entertainment options.

2005: Average National Ticket Price Comparison

| Event | <u>2005</u> | | <u>2004</u> | | % Change 2005 vs. 2004 |
|---------------------|----------------------------------|-------------------------------|----------------------------------|-------------------------------|------------------------------|
| | Admission Price (1 Ticket) | Cost for Family of Four | Admission Price (1 Ticket) | Cost for Family of Four | |
| Football Game | 57.50 | 230.00 | 54.75 | 219.00 | 5.0% |
| Basketball Game | 47.50 | 190.00 | 46.00 | 184.00 | 3.3% |
| Hockey Game | 45.00 | 180.00 | 45.00 | 180.00 | 0.0% |
| Theme Park | 33.54 | 134.16 | 32.85 | 131.40 | 2.1% |
| Baseball Game | 21.00 | 84.00 | 19.82 | 79.28 | 6.0% |
| Movie Ticket | \$6.41 | \$25.64 | \$6.21 | \$24.84 | 3.2% |

Source: PriceWaterhouseCoopers, MPAA